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ABSTRACT

An overview is provided of Sumter Area Technical College's (SATC's) successful faculty evaluation and merit pay plan. Following introductory material on SATC, a discussion is presented of the reasoning behind resistance to efforts to tie faculty evaluation to merit pay. Next, SATC's evaluation system is set in the context of the college's overall emphasis on excellence program, which involves ongoing program and personnel evaluation, recognition of outstanding achievement, and faculty and staff development. The next section presents a description of SATC's faculty evaluation system, contrasting the evaluation program that was initiated in 1978 and utilized a personality inventory coupled with self-evaluation with the revised system that was implemented in 1981. The three components of the revised system (i.e., the job description, the individual action plan, and the college plan) are explained. The next section describes various aspects of the merit pay system which supports evaluation, focusing on: (1) four types of salary increases usually utilized by two-year colleges; (2) seven steps essential to implementing a merit pay plan (i.e., planning; judgments of faculty performance; development of explicit criteria about what good teaching is; open, continuous communication between faculty and administration; an adequate budget; continuous monitoring and refinement of the evaluation system; and accountability); (3) problems encountered by SATC with the approach; (4) advantages of the evaluation and merit pay system; (5) decisions to be made in the initial planning of such a system; and (6) the division of money in SATC's system. (RO)

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# A PLAN THAT WORKS

by

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# MERIT PAY - A PLAN THAT WORKS

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Abstract. An overview of a successful faculty evaluation and merit pay plan in a two-year college. The program has been in operation for eight years. It has helped improve morale, performance, and college and personnel productivity.

Introduction. In this session I will share with you a case study of the application of merit pay and faculty evaluation at Sumter Area Technical College located in Sumter, South Carolina. Although the program has worked effectively at Sumter Area Technical College, it may not be appropriate for other institutions. Some background information may help workshop participants to identify with the college. Sumter Area Technical College, located in the geographic center of South Carolina, is one of 16 two-year postsecondary technical college. We serve a four-county service region of about 200,000 persons. We have a broad postsecondary mission, but emphasize vocational/technical programs. Our college is contiguous to a two-year campus of the University of South Carolina, and we do not offer the Associate of Arts degree. Of fifty-five faculty, twelve instruct general education courses. The majority of the faculty have been recruited from the business/technical sector. The business orientation of our faculty may explain, in part, their positive response to merit pay as a part of the evaluation/merit pay system. We serve approximately 1,600 credit students per quarter and served over 9,000 people in some capacity last year.

Evaluation and Merit Pay. Most two-year colleges utilize some form of faculty evaluation. If the college is part of a state system, faculty evaluation may be required by state statute. Many colleges recognize the need for evaluation techniques to support decisions on retention, promotion, and tenure (if applicable) of faculty. As a minimum, most colleges utilize evaluation instruments to assist faculty with professional development and self-improvement. However, few colleges tie evaluation to merit pay. Why is this the case, perhaps is because no other topic in the recent push for quality in education has caused as much discussion among educators as that of faculty evaluation and merit pay. We have all heard many of the arguments as to why we cannot do either. These include:

1. Good teaching cannot be evaluated.
2. A good evaluation system cannot be developed.
3. Supervisors do not know how to evaluate.
4. Merit pay will result in favorites getting ahead while good teachers who are trouble makers will be punished.

We in administration must work to answer these arguments by developing sound programs of evaluation and reward because we can recognize good teaching! We can develop fair instruments! And we can train supervisors in their use! We must be able to award those who perform in an outstanding manner or we are going to become bastions mediocrity.

I want to describe for you our evaluation system and how we tie reward and salary increased to the evaluation process. We feel that it has helped us to emphasize excellence and to encourage faculty to continue to put for a little extra effort in accomplishing objectives.

Emphasis on Excellence. Before describing the evaluation and merit pay system, I should point out that the merit pay system and the evaluation system is a part of a overall college emphasis on excellence program. We feel that either of these — evaluation or merit pay — done in isolation will not achieve the results that can be achieved through a complete program which emphasizes quality in all activities. Our emphasis on excellence program is an eight step program aimed at improving the educational program. It includes all aspects of the college, instructional, student services, and personnel. I will only mention three of the eight steps.

The first is a continuous emphasis on quality in management through program and personal evaluation. We have high expectations for our faculty. Just as the recent national study indicated that for good instruction we need to expect more of our students and to have high expectations so do we with our faculty! We can get better; we all can improve.

The next activity or step in the emphasis on excellence program is one to recognize and to honor outstanding achievement. If one wants excellence to occur, then we need to recognize those who accomplish it. And there are many ways that this can be done. Some that we do include and Outstanding Instructor Award each year, letters and cards to individuals congratulating them on accomplishments, luncheons for various groups and individuals, faculty members are invited to make presentations to the Area Commission on accomplishments in their programs, and lastly, we have an on-going faculty and staff development program which is the next point from the emphasis on excellence program I wish to discuss.

Most schools have some type of development program. However, ours is based on the fact that if you expect changes in behavior or the use of new skills, we must make the training or the education available to people to learn these new skills. Our program includes faculty development, instructional development, and organizational development. Faculty development focuses on subject area and teaching competencies. Instructional development focuses on competency based education for all programs, and organizational development focuses on creating a more effective climate for teaching and learning. The college wide faculty and staff development program focuses on both professional development and personal development. We firmly believe that a comprehensive faculty and

staff development program facilitates institutional change. We also believe that through improved individual performance, we will have improved institutional performance. People are the organization. If individual performance from the president to the custodian can be improved, then the institution will improve. Recognition of excellence, faculty and staff development, a sound evaluation system, and merit pay are all part of an overall plan to bring this about.

Evaluation. The basic concept behind faculty evaluation and merit pay system is that individuals must believe that their individual performance does make a difference in evaluation, promotion, and/or salary. There are two essential components to this system. First, the evaluation system and secondly the salary increase or pay system.

First, I will describe Sumter Area Technical College's faculty evaluation system. Then, I will describe the merit pay plan that supports the system.

We began our evaluation program in 1978. The college had granted across-the-board increases for faculty for many years. Our faculty are state employees, and our legislature normally determines an "across-the-board" pay increase granted as a percent of salary. At the time of our evaluation study (1977), the college was utilizing a personality inventory type of evaluation form coupled with a self-evaluation instrument. The evaluation did not relate the performance of faculty to college goals or mission or to rewards or recognition. The absence of a performance-based evaluation system had a negative impact on the more creative, dynamic faculty who were really committed to making things happen at the college. These faculty received the same salary increase as those who had little interest in the welfare of the college

Three action steps were introduced:

1. A seven person committee was appointed of which five were faculty members.
2. The committee reviewed evaluation systems from other states.
3. The committee attended faculty evaluation workshops.

The committee operated on the following written assumptions:

1. Faculty evaluation and development ought to go together.
2. Evaluation that is related to promotion and merit pay should also be used for staff development programs.
3. Evaluation and merit pay ought to be broadly based covering the entire institution. (By the way, at Sumter Area Technical College the evaluation and merit pay program also applies to administrators. The program is college-wide.)
4. It is a continuous process that ought to be tied to the

reward structure.

5. It ought to be participatory with faculty involvement.
6. It ought to be legal.
7. No system is perfect.

Our first effort at evaluation followed Richard Miller's model of the weights and areas described in his book Measuring Faculty Performance. The initial plan helped faculty begin to understand roles, relationships, and areas of responsibility. Unfortunately, many faculty did not include some of the important optional elements in their evaluation plans. Nevertheless, we were able to reward and identify exceptional faculty. This success had a positive effect upon morale and gave us a basis for the comprehensive staff development program I mentioned earlier. Also, the evaluation program helped some faculty members, who had shown over time a real lack of commitment to the mission of the college, change their performance. Over a three-year period, five faculty choose to retire rather than relate their performance to the values of the college. Over a seven-year period, we have had few serious disagreements from faculty about the merit program.

From these early experiences, we learned that the college needed to clarify the responsibilities of division deans, full-time faculty, and part-time faculty. From this work, we developed new job descriptions which resulted in a revised evaluation system. In 1981, we began the revised evaluation system which centered on three elements.

1. THE JOB DESCRIPTION. This is basic to evaluation. A person should know what his job responsibilities are and how they relate to the college's mission.

2. INDIVIDUAL ACTION PLAN. Each employee develops an individual plan of objectives for the coming year (usually 1-4 objectives). This includes president, staff, and faculty.

3. THE COLLEGE PLAN. The Individual Action Plan is related to an annual planning process which culminates in a written plan of action approved by the Board of Trustees. The president is evaluated on this plan. All personnel in the college are evaluated based on their performance on their individual action plans which are sub-units of the college's plan.

In a recent survey, the majority (over 70%) of our faculty gave a high rating to the evaluation system. They expressed the opinion that the system has inspired improved performance among faculty and encouraged them to look at their job in the context of the college's mission. Among current activities which we plan to implement during the current year include a self-report (not a self-evaluation) for faculty which is included in the attached evaluation system and revised course and student evaluation forms of instructors. These were developed by a faculty

committee. We are including more training for division chairs. And we have set about to begin refinement of better defined standards.

Merit Pay. The second part of my presentation focuses on the merit pay system that supports evaluation. As I said earlier, we prefer to call it a part of a recognition and reward system because we believe there is a substantial difference between just merit pay and a broad-based program that recognizes and rewards excellence. As I mentioned earlier, merit pay is just one means of rewarding excellence. Our college emphasizes, recognizes, and rewards excellence in several ways.
Four types of salary increases are usually utilized by two-year colleges.

1. Step/length in service - Type of increase generally used by the public school systems. You can get an increase just for living another year. We do not have this approach at our college.

2. Cost-of-living increases (across the board increases based on percentage of salary.

3. The merit system salary increases are based on job performance. Merit is defined at out institution as a system that gives different increases to individuals who have the same job descriptions and work obligations; the difference is based on a systematic evaluation related to performance. The merit may also include a bonus system which grants specified one time awards but does not increase the base pay. Our state does not recognize this important approach to merit.

4. Combination of two or more of the above.

Seven steps are essential to implementing a merit pay plan.

1. The first step is planning. A November 28, 1984, Chronicle article referenced earlier suggests a minimum of three years to develop and implement an evaluation system. I agree with this time line.

2. Regardless of sophistication of the system, evaluation of faculty involves judgments about personal performance.

3. To minimize the judgment element, we work to have as much explicit criteria as possible about what good teaching is. Thus, evaluators must be trained in the evaluation of good teaching.

4. Faculty and administration must have open, continuous communication to make the evaluation system effective.

5. The budget must be adequate to support the system. To

have a system and no money to support merit pay becomes demoralizing.

6. Also, an effective evaluation system requires continuous monitoring and refinement.

7. Accountability. Employees are accountable to others for their performance and supervisors are accountable for making a judgment about that performance. these are often very difficulty for some faculty and/or supervisors to accept.

The problems we have encountered with this approach are that:

1. it requires more time,

2. it is more difficult to administer than across-the-board increases, and

3. it is always with you — it is on-going and continuous.

The advantages of an evaluation and merit pay system are three fold:

1. The employee is held accountable for what he/she accomplishes, and the supervisor is held responsible for judgments made.

2. It encourages employees to make a maximum effort to coordinate their activities with college mission, and

3. It recognizes and rewards individuals.

Several decisions must be made in the initial planning of an evaluation and merit pay system. These include:

1. The performance criteria and the development of the evaluation system itself. Explicit criteria must be developed so that individuals will know on what they will be evaluated.

2. The type of pay. Will it be a one time bonus, a percentage increase, a lump sum increase, will only some of the increase money go into the system, or will all salary increase money be used to enhance merit pay?

3. Will there be a quota system? That is, will only so many faculty, a percentage or a number be allowed to receive a merit increase. I personally do not believe in a quota system. I believe that you should allow anyone who achieves a certain standard to be eligible for a merit increase. By having more people eligible it may decrease

the amount each gets, but again, it does not establish an arbitrary number.

4. Is the increase, as I mentioned earlier, temporary or permanent? Does it become a part of the regular salary or is it a one time bonus. Some schools that I know of in Virginia and Maryland use the bonus system. We do not because it is against state regulations. There are advantages for this in that a $500 bonus given in one lump sum can be seen and spent by a faculty member. While $500 spread over nine, ten, or twelve months does not come out to very much money per month.

5. You must consider the state, system, or college regulations governing personnel pay and other factors.

6. And lastly, the merit pay system and evaluation system should be reflective of college goals and objectives.

Lastly, I would like to describe to you how money is divided in our particular system. If you would look at handout A, I will describe that for you. In step one, we gather the basic information. First we determine how much money is available for a merit increase. In the example here, I used $50,000. At our college, we have in most years determined that all money eligible for salary increase is going into merit pay. This is because the amount of money is usually 4, 5, or 6 percent. This year, we are getting a substantial amount of money to help us raise average salaries to the southeastern average. We are therefore giving an across the board percentage increase to all faculty. We are giving a merit increase based upon this system. I think this dual system is very good if you have 15 to 20 percent money to give annually.

Also in the basic information, you will notice for this example, we have 50 faculty eligible for increase. Step two in the process is what I call a "ratings breakout." In this, we determine how many faculty have been evaluated in each of three categories in our evaluation system. Those who have an exceeds rating, those who have a meets rating, and those who have a needs improvement rating. In this example you can see that 30 faculty (eight are twelve month faculty, and 12 are nine month faculty) received an exceeds rating. Eighteen received a meets rating, and two received a needs improvement rating. We break it out into twelve or nine month faculty because this determines how much each will get. You cannot given nine month faculty the same dollar amount, since this is a lump sum and not a percentage, as you do twelve month faculty.

So step three is to determine the total parts of merit needed. In our system, those who receive an exceeds rating receive twice as much money or two parts merit, as those who receive a meets rating or one part merit while a person who has a needs improvement receives no merit increase. From the chart you can see that two parts x a twelve month faculty or 18 x 2 = 36 parts. One and a half parts are given for a nine month faculty

member since they only work 3/4 of the year x 12 faculty = 18 parts, and so forth for the other two ratings area. We then have a total of 70 parts.

Step four is to divide the total dollars available or $50,000 by the 70 parts which equals $714 per part. In step five, the increases are assigned. As you can see, faculty who have an exceeds rating on a twelve month contact receive two parts or 2 x $714 for an individual increase of $1,428. This is a lump sum amount that is added to the salary for the coming year. As I mentioned earlier, we do not give a bonus. In this case, we would not give an across the board percentage increase. If we did give a percentage increase, that would be given prior to the merit increase.

We feel that this system has been very effective for us. It has rewarded those faculty members who have put forth the extra effort in moving the organization ahead and have contributed to the goals and objectives of the college.

In conclusion, I leave you a quote from the book by Michael LaBeouf entitled The Greatest Management Principles in the World. He states, "The thing that gets rewarded gets done."



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